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Approved For Release 2002/09/04 : CIA-RDP79T00975A004400070001-5

*C.D/ED*

21 March 1959

Copy No. C 63

# CENTRAL INTELLIGENCE BULLETIN



DOCUMENT NO. 7  
NO CHANGE IN CLASS. X  
|| DECLASSIFIED  
CLASS. CHANGED TO: TS S  
NEXT REVIEW DATE: 2010  
AUTH: HP 70  
DATE 4/14/80 REVIEWER:

Army and State  
Department review(s)  
completed.

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## I. THE COMMUNIST BLOC

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*mo* Israel-UAR: [The UAR has seized cargoes of Israeli origin from Liberian and West German merchant ships preparing to transit the Suez Canal. According to a UAR official, the ships are chartered by Israel, and therefore in effect are operating as enemy ships. "Innocent" Israeli cargoes aboard neutral ships have heretofore not been seized despite the technical state of war that still exists between the two countries. Israel contends, in a note to the UN Security Council, that the action contravenes Security Council resolutions, and Prime Minister Ben-Gurion has reiterated Israel's determination to secure its "freedom of navigation."] [REDACTED]

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*mo* Libya: The Libyan Government has formally proposed terms for the revision of the agreement on American base rights. Under these terms the US would guarantee an "annual rent" payment of at least \$45,000,000 for the duration of the agreement--through 1970. This proposal more than doubles the present level of US aid and removes all restrictions on its use.

\*The violent and large-scale rioting which took place in Tripoli on 20 March does not appear related to US-Libyan relations. It was sparked by well-organized students demonstrating in favor of Nasir and against Qasim and the Communists. The 20 March disorder was the third, and most violent,

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DAILY BRIEF

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of a series of pro-Nasir demonstrations in Libya this week.

*7m* Singapore: [The British Colonial Office, in an apparent change of attitude, is becoming increasingly apprehensive over the prospects of a left-wing extremist take-over in the People's Action party after the party's anticipated victory in the general elections expected on 30 May. The British, who have stated that they can work with the party's moderate leader Lee Kuan Yew, now fear that he may lose control to its strong pro-Communist elements.] (Page 4)

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UAR Explains Seizure of Israeli Cargoes

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[Israeli cargoes destined for Ceylon and Malaya have been seized from Liberian and West German merchant ships by the UAR because the two ships were under Israeli charter, according to a Cairo Foreign Ministry official. They therefore are regarded as enemy ships subject to confiscation. The ships themselves were not confiscated, the UAR official said, out of deference to Liberia and West Germany, and because the status of chartered vessels is still under consideration by the UN.]

[The Capetan Manolis is under outright Israeli charter and the Lealott is chartered by Maritime Agencies, a New York firm controlled by the Zim Israel Navigation Company Ltd. The official stated that this is the first time Israel has resorted to the practice of chartering foreign ships to circumvent UAR canal restrictions since Egypt seized the canal in 1956. Other reports, however, indicate that some Israeli-chartered ships have since then transited the canal without difficulty. The UAR prohibits Israeli-flag ships from the canal, and some neutral vessels bound for Israel have been detained, but cargoes of Israeli origin on foreign ships heretofore have not been seized despite the technical state of war that still exists between the two countries.]

[Nasir may have adopted this tactic toward Israeli shipping at this time partly to counter Iraqi charges that he has not firmly opposed the Israelis. Israel contends, in a note to the UN Security Council, that the seizures violate Security Council resolutions, and Prime Minister Ben-Gurion has recently reiterated Israel's determination to secure its "freedom of navigation."]

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Political Moderates in Singapore Hurt by Scandal

[Officials of the British Colonial Office feel that the recent scandal in Singapore, which led to the resignation of Education Minister Chew Swee Kee, may seriously damage the influence of moderates in Singapore's two largest parties. According to the British, the disclosures concerning Chew's large account in a New York bank--of funds allegedly furnished by Americans, but in fact supplied by Nationalist China--have assured a victory by the Communist-infiltrated People's Action party (PAP) in the Legislative Assembly elections now expected on 30 May. Moreover, Legislative Assembly debates concerning the scandal resulted in serious countercharges by Chief Minister Lim Yew Hock against the moderate PAP secretary general, Lee Kuan Yew.]

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[These countercharges brand Lee as pro-British and as a conspirator against the left wing of his own party. They are likely to impair Lee's influence in his own party and, consequently, to enhance the already good prospects of the pro-Communists for taking over the party's executive committee following the elections. This situation jeopardizes British hopes for political stability in Singapore which appear to be largely based on the belief that Lee will be willing to work with the British and able to maintain control of the party.]

[Meanwhile, hopes that Chief Minister Lim Yew Hock's Singapore People's Alliance (SPA) can elect a sizable minority of moderates to act as a counterweight to the PAP have declined. The Chew scandal has made other moderate parties reluctant to accept SPA terms for an election understanding and has, consequently, increased the prospects that the moderate votes will be split in many districts.]

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